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Mid-term review of the fourth regional programme for Latin America and the Caribbean

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I. INTRODUCTION

A. Programme overview

1. The fourth regional programme for the period 1992-1996 has represented and continues to represent an essential component of the UNDP effort in support of development and socio-economic integration in Latin America and the Caribbean. Despite severe cuts in the UNDP core funds allocated to the programme, performance and impact have on the whole been excellent: indeed, it is expected that the regional programme will play an increasingly important role if country-focused action is affected by additional resource constraints in the future.

2. The major themes on which the fourth regional programme has concentrated have retained their relevance, both with regard to regional or subregional socio-economic integration and cooperation, and with regard to issues which, while relating to national policy, are of shared concern to the countries of the region. On the broad theme of poverty and poverty alleviation, as on the theme of the environment, the programme has involved high-visibility events which not only had a major impact in the region, but also helped to articulate a common regional policy in global negotiations. In the area of governance, the regional programme has been used to provide support to the processes of political and economic reform occurring in the region - participatory democracy, decentralization and the shift to a liberal, market-driven economy - and to the important institutional changes, including, for instance, fiscal reform, called for in that connection. The regional programme also has helped to enhance the competitiveness of the productive sector from the perspective of liberalized, global trade and capital movements. In the area of international economic development, the programme played an advisory role in the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO) (GATT/WTO) negotiations and provided support in concrete cases of regional or subregional economic integration. Finally, an effort is being made to determine the scope and macroeconomic impact of illicit drug production and traffic, as an essential contribution to global reassessment of the drug problem and its dynamics, both from the perspective of production and traffic and from that of consumption.

3. In general, while future regional programme activities might focus on fewer priorities, they should relate to the same broad themes as those of the fourth programme. The emphasis, as in the past, must be on policy analysis and development and the exchange of experience and information among the countries of the region. With regard to operational activities, service functions should be increasingly self-financed, especially when they benefit the private sector, which would imply the possibility of substantial cost-sharing. As in the past, socio-economic integration would be encouraged by involving regional and subregional institutions in the implementation of UNDP projects, but without incurring responsibility for the funding of institutions.

4. In these terms, the regional programme has had and will undoubtedly continue to have a major role to play, side by side, with UNDP country programmes. The review team and those persons it consulted consider it essential, in fact, that the programme respond to real country needs and

priorities while maintaining its regional specificity. This, and the necessary synergy between regional and country-focused activities, will to a large extent depend on a more direct and personal involvement of the resident representatives in the negotiation, formulation and management of the regional programme.

B. The mid-term review

5. The mid-term review was undertaken during the period of December 1994 to May 1995; it culminated in a field visit to several countries in the region between 20 April and 7 May 1995. The purpose of the review was to assess the performance, impact and relevance of the fourth regional programme for Latin America and the Caribbean and to formulate general suggestions with regard to future programme orientation. The review team had the benefit of a general briefing at UNDP headquarters, as well as of consultations with UNDP field staff, government staff and counterparts in selected countries. While it was not requested to evaluate individual projects, the team nevertheless was able to consider in detail some of the more significant programme activities and to use them for illustrative purposes in the present report. The findings and conclusions of the review team contained in the present report were presented to and discussed by representatives of the region's countries at a collective consultation held in New York on 2 June 1995.

C. Context

6. The review took place at a time when serious resource constraints and substantial changes in the external context in which the regional programme was operating called for a fundamental reassessment of its approach, structure and objectives and, ultimately, for the verification of its continued viability and relevance.

7. Internally, the "core" funds allocated by UNDP for regionally focused activities in Latin America (already sharply reduced from previous programming cycles, and quite modest by comparison with other regions) were in fact halved during the first part of the programming cycle, as was the number of professional staff charged with the management and coordination of the regional programme at UNDP headquarters.

8. Externally, it is evident that in terms of its problems, needs and perspectives, the region is not what it was in 1992. Democratic, participatory forms of governance have been introduced or reinstated in most of the region, generally in association with a shift to a market-driven economy open to global trade and capital movements. Inflation, which constituted one of the major preoccupations when the current regional programme was defined, has been brought under control in most countries by rigorous macroeconomic policies. So has the external debt problem. Subregional groupings are coalescing throughout much of the region - in the Southern Cone, in Central America, in the Andean Region, in the Amazonian basin, as well as in the Caribbean and Caribbean rim area; even if they focus primarily on trade or environmental management, they are clear signals of growing political and cultural solidarity. Yet the region as a whole still faces huge social challenges deriving from the economic crises of the

1980s and the uneven implementation of economic and political reforms. Although most countries of the region exhibit sound macroeconomic fundamentals, external threats can jeopardize these reforms, notably, the volatility of international capital flows and the short-term perspective prevailing in private financial institutions. Similarly, serious internal problems remain to be solved, among them the slow process of political decentralization and the need to address in a more coherent manner the challenge posed to political reforms and governance by extreme poverty. It is generally recognized that the process of political reform and democratization in the region has not been completed. There remains a basic and urgent need to restructure and adjust all levels of State and non-State institutions to new functions. Much also has to be done to further strengthen the competitiveness of the region's productive sector in the context of liberalized trade, global markets and capital movements, and to ensure a harmonious interlinkage among the new, and at times overlapping, subregional trade groupings. And beyond this, the countries in the region continues to be confronted with the national and transfrontier challenges of environmentally sustainable development, and with such shared problems as the growth of illicit drug production and trade.

II. GENERAL FINDINGS

A. Main themes and programme formulation

9. In line with the conclusions of the mid-term review of the third regional programme (1987-1991), undertaken in 1989 and endorsed in 1990 in a collective consultation with Governments, United Nations system and regional agencies and non-governmental organizations (NGOs), it was agreed that the current programme would focus on the following areas of policy concern: (a) poverty alleviation and social development; (b) governance, the State and civil society; (c) modernization of the productive sector; (d) socio-economic integration and international economic relations; (e) the environment and development; (f) drugs and development.

10. The present review confirmed that the broad themes identified in 1989 had retained their relevance, and that, on the whole, the present allocation of resources among them during the first years of the current cycle seemed reasonable. Indeed, the same priorities appeared in subsequent regional policy statements, among them the declaration and plan of action adopted by the 1994 Summit of the Americas, held in Miami, Florida, the United States. It is evident, however, that within these broad themes, the dynamics of change in the region call for sharper focus on, inter alia, economic integration, export growth, empowerment to the poor through training and access to credit, political decentralization and greater private sector participation in the solution of social needs.

11. It was also noted that the broad themes set for UNDP could not be seen as distinct, self-contained programme components. The concept of governance, for instance, cuts across the entire programme. It is thus obvious that participatory, decentralized governance represents an essential dimension of the war against poverty, environmental management and economic reform: in turn, the elimination of critical poverty and sustainable environmental management are

complementary concepts, with a direct link to the modernization of the productive sector, itself a basic feature of economic integration.

12. In terms of programming, the listing of broad areas of policy concerns in 1990 represented only the starting-point for a series of thematic consultations with Governments, United Nations and regional agencies, NGOs and experts convened by UNDP in the following year to suggest topics and methodological approaches for concrete regional action: Governance, State and Society (Caracas); Modernization of the Private Sector (Mexico); Poverty and Social Development (Santiago); International Economic Relations (Buenos Aires); and Drugs and Development (New York). Programme development relating to the environment was discussed and is being kept under review by the Latin American and Caribbean Commission on Development and the Environment.

13. The thematic meetings and a series of follow-up workshops represented an important innovation in an effort to build a programme responsive to the actual needs and priorities of the countries of the region. They also revealed the limitations of a consultation process in which the level of representation was not always uniform or sufficiently technical for a substantive dialogue, and participants were thus inclined to bargain for a share of the available resources, rather than to consider the objective merits of individual proposals in the context of an overall joint strategy. In the future, the dialogue with Governments might be improved by more sharply targeted preparatory efforts involving serious state-of-the-art surveys and, whenever appropriate, joint strategy planning with scholars, experts and other organizations concerned with particular themes. Such upstream planning would provide a better basis for a substantive exchange of views with Governments on the basis of project ideas (rather than on fully articulated projects) before they were convened for formal collective consultations. This approach presupposes a more direct and active role for the UNDP country offices, in order to ensure that the dialogue involves all relevant actors in the Government as well as in civil society. In fact, the UNDP country office network represents a unique instrument for the formulation of the regional programme, as does the existence of negotiated country programmes. In Latin America, country programmes have been used to mobilize substantial cost-sharing with very modest inputs of UNDP "core" funding and could in many instances serve as a vehicle for follow-up action at country or subregional level. To take advantage of this, however, it is imperative that countries, and especially the UNDP resident representatives, have a sense of ownership of the regional programme.

B. Functions of the regional programme

14. There was a shared feeling among the persons consulted by the review team that the regional programme should have a clear identity, involving shared responsibilities and an ongoing exchange of information among the participating countries. At present, especially given current resource constraints, the programme is overly fragmented. In the future, it should concentrate on a few high-impact activities of demonstrated regional relevance. This emphasis on impact and greater selectivity would call for a close working relationship with national Governments to achieve a clear definition of the role of the regional programme and of its place in relation to country-focused UNDP programme

activities. Thus, it was stressed that the regional programme should not be used for long-term institution-funding or as a substitute or supplement for national programme activities - its main thrust should be to facilitate sustainable development. In that regard, there should be three major functions, which often would complement each other, present in each regional project: (a) to stimulate policy analysis and development; (b) to facilitate the exchange of information and national experience on issues of common concern to the region; and (c) to manage, mediate or provide expert services in the context of operational projects. Programme activities should also stimulate closer cooperation and enhance complementarity among United Nations agencies and a variety of other organizations concerned with the development of the region.

1. Policy function

15. The third and fourth regional programmes have played an important role in helping to develop a regional strategy with regard to some of the major policy issues confronted by the countries of Latin America and the Caribbean. The most notable efforts of the fourth regional programme were in relation to poverty and environmentally sustainable development. For example, the 1993 Washington Forum on Social Reform and Poverty was the culmination of specific programme activities (including conferences in Cartagena, Colombia, Guayaquil, Ecuador, and Santiago, Chile) which helped countries to understand and articulate the nature, extent and significance of the critical poverty persisting in the region and allowed them to exchange information and experience with remedial approaches. In addition, policy analysis stimulated by the regional programme provided input for the 1994 Summit of the Americas in Miami (for which UNDP prepared a policy document entitled Our Common Agenda for the Americas), and also contributed to the preparation of the regional position for the recent World Summit for Social Development, held in Copenhagen, Denmark. Similarly, the programme played an important role in raising the awareness of environmental issues and their link with development in the countries of the region. It was also instrumental in articulating a concerted and constructive regional position which contributed significantly to the success of the 1992 United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro, Brazil. In both instances, the regional programme was able to join forces with the Inter-American Development Bank (IDB) in a series of specific, high-visibility efforts, such as the Washington Forum and its report on Social Reform and Poverty and the two major policy documents, Our Own Agenda and Amazonia Without Myths, produced by the Latin American Commission on Development and Environment as inputs for UNCED.

16. It is expected that the regional programme will continue to explore and help to articulate regional strategy in broadly defined priority areas. This, in fact, was seen as the main way in which the regional programme would, as in the past, be able to exercise a direct role in regional development. It was stressed, however, that the credibility and effectiveness of broad policy statements depended also on their concrete follow-up, often in the context of UNDP programme activities at the regional or country level; coordination and synergy between regional and country programmes would thus be of the essence. It was also noted that while senior or former leaders undoubtedly added prestige to high-level events and the pronouncements issuing from them, it also was

necessary to involve young policy makers in the elaboration of major policy issues and strategies, as was done in the 1992 colloquium on human development and governance, held in Valparaiso, Chile, under project RLA/92/030.

2. Exchange of information and policy reflection

17. Beyond these high-level events, the regional programme has served, and should continue to serve, as a clearing-house for information, national experience and national policy in relation to more targeted development issues, helping to feed that information and related research data into policy-making processes at the regional, subregional and national levels. Successful activities in the current regional programme range from a number of projects in the area of governance - fiscal reform, financial policies, strategies of governability in crisis, modernization of the State - to activities relating to poverty alleviation, economic relations and integration, management of the cultural patrimony, and other programmes areas where UNDP projects help to gather, analyse and channel information on issues of regional concern to policy makers. It is of critical importance in these exchanges to consider the comparability and transferability of operational experience from one setting to another, in space or in time, and to apply efficient communication technologies, in order to ensure an impact on the development of policies and access to actual decision-making processes. Both objectives appear to have been taken into account in the regional projects that the team reviewed. It was noted in particular that the regional programme had played a highly innovative role in implanting state-of-the-art informatics and telecommunications technologies in programme management and in particular projects. In fact, modern telecommunication opens up entirely new perspectives for regional networking, whether for the exchange of information or for joint policy analysis and development.

18. For example, one project (RLA/91/031) provides assistance in the area of organizational structures and management of information systems of the Latin American countries at the level of foreign ministries and of other ministries involved in external relations. Under another, a three-year project (RLA/91/026), state-of-the-art informatics and telecommunications technologies were introduced to improve communications and cooperation among missions to the United Nations of the Group of Rio.

3. Service function

19. A growing number of regional projects - especially projects related to the productive sector - fulfil a service function, drawing on the managerial or sectoral skills of UNDP and of particular United Nations-system executing agencies, in terms of their global reach in expertise or technology, or their objectivity and ability to act as intermediaries. In other instances, service functions are fulfilled by public or private sector institutions created or supported by the regional programme. In either case, service projects have been able to attract substantial resources from a variety of non-UNDP sources - participating countries, third countries, IDB (loans and grant funds),

foundations - and thus have often operated with small amounts of UNDP core funding as front- or seed money.

20. A notable example of a service project is the five-country civil aviation project (RLA/92/031) funded entirely by the participating countries. That project is expected to lead to a new, more broadly based project, involving most Latin American countries and cost-shared by them with UNDP and the United States. Other successful and broadly participatory service projects are two projects related to biotechnology (RLA/92/017 and RLA/92/018), and the now completed project in the area of sugar cane production and downstream technology (RLA/92/011). Another important service project, again with substantial cost sharing, is the Paraná-Paraguay-La Plata waterway ("hidrovia") project (RLA/90/012), where UNDP, through the United Nations Office for Project Services (UNOPS), is expected to play a critical management and intermediation role in implementing an ambitious, highly sensitive feasibility study for the environmentally sustainable improvement of a navigable river system linking Argentina, Bolivia, Brazil, Paraguay and Uruguay.

21. The mid-term review confirmed that service projects - some of them reaching back to previous cycles - were likely to remain an important growth area for the regional programme, the more so as they were generally associated with very substantial cost-sharing. It is considered important, however, that regional projects intended to establish or provide support for service institutions operating in the productive sector should always include an explicit strategy and a firm timetable for the institution to attain financial self-sufficiency (e.g., by charging for consultancy and other services rendered) and consequently for the phasing-out of UNDP support. For example, the project to help to establish a Latin American and Caribbean programme non-destructive testing in quality control programmes (RLA/92/021), an objective of the utmost importance for industry at a time when Latin America is liberalizing its trade policy, as well as UNDP/Brazil country project intended to strengthen the coordinating centre for the regional network, should be predicated upon (or, if required, have as its first objective) the elaboration of a concrete management plan by which both the network and its coordinating hub would attain financial self-sufficiency within a firm timetable.

C. Cooperation among developing countries

22. Although it was not always apparent from the documentation available to the review team, several regional projects have served as a basis for technical cooperation among developing countries in the region (TCDC), often without UNDP support; this reportedly has been the case for the two projects related to biotechnology (RLA/92/017 and RLA/92/018), the intercountry project in the area of sugar cane production and downstream technology (RLA/92/011), the civil aviation project (RLA/92/031) and other regional projects.

D. Geographic focus

23. Under present UNDP rules, regional projects must be endorsed in principle by at least three countries. In fact, the average number of countries participating in the fourth regional programme has been much higher: more than three countries participated in all but six of the projects; of those six projects, two dealt with contiguous areas, and two with the preparation of regional conferences or programmes. On the other hand, as was suggested in the 1989 mid-term review, perhaps trans-frontier cooperation should be viewed as a matter of regional interest and concern even if it involves only two countries, especially when the two countries have a history of past trans-frontier conflict. The current programme includes a pipeline project that would provide support to the development of border zones in the four-country South Cone Common Market (MERCOSUR). UNDP may wish to consider whether similar support, perhaps through a region-wide umbrella project, could be extended also to two-country border zones.

24. As in previous cycles, some of the projects in the regional programme have by their very objectives a clear subregional focus - e.g. projects concerning countries of the Amazon basin, projects for the Southern Cone, or those of interest to Andean countries. As for the English-speaking Caribbean, most projects are coordinated by the Caribbean Community (CARICOM). That component of the programme was evaluated separately (see chap. IV below). The review team understands that the regional programme should also be available to meet the specific needs of subregions, including in particular the needs of small island countries of the Caribbean, where major importance is attached to subjects such as disaster management and early warning systems, shipping and other aspects of inter-island transport. It is questionable, however, whether this necessarily calls for the allocation of a set portion of the regional indicative planning figure (IPF), as has been the case in the past for the English-speaking Caribbean. It was noted that some Caribbean countries also participate in - and benefit from - major region-wide projects which, in the long run, will help to consolidate mutually beneficial economic, cultural and political linkages with the countries of Latin America, including, in particular, the countries in the Spanish-speaking Caribbean rim and other island countries. There is no reason why this should affect the identity of the subregion.

E. Relations with activities at the country level

25. Although regional projects - some of them operating through networks of national committees or counterpart institutions - have their own specific functions related to issues of a regional nature or of common regional concern, they generally have an impact and involve follow-up action at the national level, at times in the form of UNDP country projects. In that sense, the regional programme in some cases tends to play a precursor role for the UNDP country programmes. There is general agreement, however, that regional projects should not be used as substitutes for, or complements of national projects: what counts is the synergy between regional and country programmes, which, in turn, calls for an active involvement of national authorities, and in particular for the participation of UNDP resident representatives at the stage of regional programme formulation, implementation and follow-up.

26. Examples of regional projects with a particularly visible impact at country level are the network-operated civil aviation and biotechnology projects (see para. 20 above); the project on information management in the area of foreign affairs (see para. 18 above); and the project on fiscal reform (RLA/92/015). Experience gained in the fiscal reform project has been applied in Cuba as well.

F. Relations with other organizations

27. Approximately 80 per cent of the regional programme has been executed by United Nations agencies, and one half of that by UNOPS; less than 20 per cent of the programme has been implemented by Governments. Beyond this, all relevant agencies were invited to participate in the collective programme and subsequent thematic consultations referred to in paragraphs 9 and 12 above.

28. Some of the most successful fourth-cycle projects were executed by United Nations agencies. Among them particular mention should be made of the civil aviation project executed by the International Civil Aviation Organization (see para. 20 above), a cluster of Economic Commission for Latin America and the Caribbean (ECLAC)-executed economic policy projects of fundamental importance in the area of governance (projects RLA/92/003 on financial policies and RLA/92/015 on fiscal reform) and the two biotechnology projects (see para. 20 above) executed by the United Nations Industrial Development Organization (UNIDO) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), respectively. It is particularly encouraging that these two biotechnology projects, each building upon the specific expertise of its executing agency, have been interacting and complementing each other in line with a common strategy.

29. With regard to relations with regional organizations, the review notes the tightening of links with IDB - especially in co-sponsoring high-level policy consultations and pronouncements, and in connection with major pre-investment projects such as the "hidrovia" project (see para. 20 above) - as well as the continuing cooperation with ECLAC and the Latin American Economic System (SELA). ECLAC, in fact, must be seen not as a traditional executing agency, but as a partner contributing significant staff resources along with its institutional perspective to a series of joint projects in the area of governance, economic relations and improvement of the productive sector. It is hoped that collaboration with SELA, which undoubtedly represents an important forum for intergovernmental consultations on policy issues of regional concern, will similarly concentrate on specific themes rather than on budgetary support for its organic functions. As was noted by one of the personalities consulted in the course of the review, the regional programme should work with, and not for, regional organizations.

30. It is evident that although the regional programme was derived essentially from a dialogue with the Governments of the region, it has maintained close relations with civil society. Relevant NGOs have been involved in all consultations relating to general and thematic programme development and in the formulation of many of the regional projects. In some instances, collaboration with NGOs, and intermediation between those NGOs, Governments and development banks, represents a central project objective.

31. The "hidrovia" project discussed in paragraph 20 above is a good example of collaboration. UNDP is called upon to ensure that engineering plans and economic development projections take into account both development and environmental imperatives in vulnerable areas such as the Pantanal and other riparian zones of the Paraná-Paraguay-La Plata river basin. To that end, the project is expected to maintain an ongoing dialogue with NGOs concerned with environmental protection.

G. Financial problems

32. It has already been noted that the "core" UNDP resources for the regional programme have been reduced substantially: in the third regional programme, $12 million per year were allocated to the non-CARICOM part of the programme; in the fourth regional programme, the $4.5 million originally allocated to the non-CARICOM part of the programme have since been reduced to some $3 million. As a result, the funds for the remainder of the current cycle are already committed and will call for tight fiscal control and expenditure cuts unless additional extrabudgetary resources are mobilized.

33. In fact, the fourth regional programme has already benefited from substantial project-specific cost-sharing. One partner in cost-sharing has been IDB (which, unlike the Latin American programme of the International Bank for Reconstruction and Development, disposes of non-reimbursable grant funds). Other cost-sharing partners include the Governments of beneficiary countries (e.g., in the civil aviation and foreign relations projects discussed in para. 20 above); UNDP country projects; and third countries (e.g., Spain and Sweden, the Governments of which have provided generous funds for projects in the area of governance and poverty alleviation). At present, such extrabudgetary funding accounts for over one half of the regional programme budget for Latin America and the Caribbean. This represents a considerable achievement and a major progress over previous cycles or other regional programmes - it is demonstrably much more difficult to mobilize cost-sharing from national sources for policy-oriented regional activities than for national projects of a concrete operational nature. Nevertheless, the review team believes that the productive sector, private or public, should be approached more systematically as an additional source of cost-sharing, especially for regional service projects from which it derives a direct or indirect benefit.

H. Regional programme staff

34. As a corollary of the cuts in "core" budget funds, the number of headquarters posts assigned to the regional programme has been reduced to two professional core posts and one non-core post, all with some administrative duties. This obviously limits the effectiveness of central planning and coordination and puts a premium on the active participation of the country offices in regional programme management. At present, country offices tend to attribute a very low priority to regional projects, especially when the project is based in another country, and subject to the jurisdiction (itself often theoretical) of another "Principal Resident Representative". In many instances, the regional programme is assigned to junior country office staff. This might

be changed if, in addition to being involved in programme development, resident representatives were given some line responsibility for programme management, side by side with the small headquarters staff, perhaps on a thematic basis corresponding to their personal interest, or to the interest of the country in which they serve.

III. PERFORMANCE AND OUTLOOK IN THE MAIN PROGRAMME AREAS

A. Poverty alleviation and social development

35. Poverty continues to be seen as one of the main problems of concern in the region. In the short term, the transition to a market economy and the economic upturn in much of Latin America aggravated the problem by structural adjustment measures and such phenomena as the uncontrolled growth of mega-cities. In the coming years, it will be necessary to use all available tools and resources to successfully meet the challenge of poverty. Market-oriented economic reforms, while creating in the long run an environment conducive to the alleviation of poverty, need to include measures that will help to integrate the poor into the processes of modernization. As a matter of urgency, areas such as training and empowerment and access to credit and to technical cooperation must be addressed. In addition, agricultural policies must be developed, which take into account the capacities and needs of small- and medium-sized rural producers, thus preventing them from turning into the urban poor.

36. The above-mentioned concerns, which are shared by high-level policy makers and civil society, reaffirm the priority attached in the current programme to the war against poverty. As noted above, the main project on poverty alleviation and social development (RLA/92/009) had its roots in previous programme cycles, when a deliberate effort was made to analyse the nature, extent and dynamics of poverty in the region, and to raise awareness of its implications among policy and opinion makers; this also corresponds to UNDP-wide policy, as reflected in the Human Development Report, with the importance it attributes to indicators of social well-being and equity.

37. In the current cycle, the regional effort culminated in the high-visibility Washington Forum on Social Reform and Poverty, convened jointly by UNDP and IDB in 1993. The forum confirmed the main objectives of project RLA/92/009 - sustained economic growth; employment generation and an expansion of the entrepreneurial base among the poor; meeting basic needs; and the development of socially appropriate government policies in the context of rapidly changing international economic conditions. Its report, Social Reform and Poverty, was followed by two workshops, one in La Paz (Bolivia) and the other in New York (the United States), which focused on a number of strategic issues, including the role of NGOs and of UNDP. Beyond the policy impact of the Washington Forum and the subsequent workshops and the articulation of national strategies in the participating countries, the project results fed into Our Common Agenda for the Americas, a report prepared on the occasion of the 1994 Summit of the Americas, and helped to formulate the region's inputs for the recent Social Summit in Copenhagen, with its twin emphasis on employment and social integration.

38. While there continues to be a need for awareness-building and assistance in the formulation of national strategies, it is generally felt that regional programme activities should now focus on the specific institutional implications of the new social policies and the concerted war against poverty, i.e., on their "governance" dimension, and on an exchange of experience on concrete measures to stimulate participation, entrepreneurship and employment. On a related note, it was suggested that the problem of migration, often associated with critical poverty, should also be examined on a regional basis.

39. The institutional reform perspective underlies the ECLAC projects on financial policies for the transformation of productivity with equity (RLA/92/003) and fiscal reform (RLA/92/015), and, with regard to entrepreneurship and employment, a preparatory project on virtual popular enterprises (RLA/93/010), a new approach combining management, employment and market development for small- and community-based enterprises. A project on urban environmental management (RLA/89/011, to be followed up by RLA/94/007), also has a direct bearing on the growing problem of urban poverty.

B. Governance

40. Regional programme activities in the area of governance - a concept referring to the State and non-State institutions, processes and values by which society manages its development and resolves its conflict at local, national, regional and global levels - raises a wide variety of fundamental issues central to the relations between the State and society. In present-day Latin America and the Caribbean, those issues range from the introduction of a pluralistic, participatory democracy to the decentralization or municipalization of government functions, a well-functioning justice system and, increasingly, the devolution of power to civil society. They include the need for major institutional reforms to take into account new regulatory functions of the State in managing the economy, in implementing environmental policies, and in combating poverty and exclusion. As such, the concept of governance relates to the profound and still incomplete processes of change - economic, social and political - which have been occurring in much of the region, inevitably touching upon national and cultural sensitivities, which, in past decades, might have precluded external scrutiny, and which still call for restraint on the part of UNDP. In fact, to fulfil its important role in stimulating and assisting reflection and reform, UNDP should not cast itself in a policy-making or political role. With that caveat, there is general agreement that the area of governance, along with systematic exchanges of information and experience feeding into policy analysis and formulation, must occupy a central place in the current as well as in future regional programmes. In that regard, the review team considered that the growing convergence of views between UNDP and IDB with regard to the concept of governance was particularly encouraging, as was the potential complementarity of their operations in that area. In particular, the team noted the following:

(a) Among the activities of the fourth programme addressing the theme of governance, a broadly conceived project on human development and governance (RLA/92/030), with substantial cost-sharing with the Government of Sweden, has generated a dialogue on democracy among politicians (including young

politicians), government officials at various levels, representatives of civil society and scholars in several regional, subregional and national conferences. As such, and although the thrust of the project has in fact focused particularly on Central America and the Andean region, it has helped the UNDP regional bureau to explore broad policy trends and postulates emerging in the region and to make a contribution at the highest political level. In 1994, the project produced a report on the political dimension of human development, which was published in book form in time for the Miami Summit of the Americas. Other projects with a broad focus on the theme governance included a project on modernization of the organization of the State (RLA/92/020), carried out by the Latin American Centre for Development Administration (CLAD) with substantial cost-sharing with the Government of Spain, which produced a rich crop of research papers, seminars and workshops on topics related to the reform of State public sector training and modernization, and a project carried out by the Latin American Social Sciences Council (CLACSO) on strategies of governability in crisis (RLA/90/011). Both CLAD and CLACSO are scholarly institutions with an established reputation in the region and long-term links with UNDP;

(b) A second, more targeted and operational category of projects includes a project by which state-of-the-art information and telecommunications technologies and operating systems were installed in a large number of foreign ministries and, subsequently, also in other ministries concerned with external relations (RLA/91/031). Two other projects, both carried over from previous programmes and executed by ECLAC, address fundamental but highly dynamic aspects of governance. One project, on financial policies for the transformation of productivity with equity (RLA/92/003), addresses various aspects of public financing, including such areas as pension funds, and the new regulatory and supervisory functions of the State with regard to the banking system and capital markets. The other project, on the subject of fiscal reform (RLA/92/015), has had and continues to have a major impact at the national and regional level.

41. With regard to future focus, it was generally held that regional programme activities on the theme of governance should be more sharply and selectively focused; in any event, greater transparency and synergy among the many projects and project ideas in this area was needed, without imposing a single paradigm or perspective on them. In principle, it was felt that exchanges of experience and joint policy analysis among countries of the region should focus on the institutional (and not simply organizational) changes needed to sustain political and economic reforms - i.e., the emergence of participatory, democratic forms of governance and the transition to an open, market-driven economy. Even if the actual institutional changes were certain to vary from country to country, it would be important to rethink and redefine the new, supervisory and regulatory - rather than operational or proprietary - functions of the State. In that regard, particular importance should be attached to processes of decentralization - whether in terms of municipalization, federalism or regional autonomy, or by the devolution of power to civil society - as well as to the fiscal reforms and new financial instruments required to give substance to decentralization, social policies, social investment and economic reform.

C. Environment and development

42. Unlike the theme of poverty alleviation, the subject of environment and development gained full prominence only in the fourth regional programme. At the outset of the programme, a high-level Latin American Commission on Development and the Environment, supported jointly by UNDP and IDB, produced two seminal policy statements for UNCED - Our Own Agenda and Amazonia Without Myths. As noted earlier, the two documents introduced the concept of sustainable development as an area of major policy concern. Beyond their impact on national strategies and policies, they were instrumental in formulating a common position for the region at UNCED and in subsequent negotiations.

43. The Commission, which was established in 1988, continues to monitor developments and guide regional strategy in this highly dynamic area. The basic concepts in the two reports prepared for UNCED were further developed in 1994 in a document presented to the Miami Summit of the Americas under the title Our Common Agenda for the Americas. Beyond this, it is suggested that a major effort should now be made under the regional programme to facilitate the exchange of information between the countries of the region and, on that basis, to formulate joint policy statements on specific sustainable development policies and measures. With regard to operational follow-up, many of the activities are carried out and funded under the Global Environmental Facility (GEF), and are not part of the regional programme, although the region - through the UNDP Bureau for Latin America and Caribbean - has been one of the main promoters and users of that facility. The regional programme, nevertheless, includes some projects of direct relevance to environmental management and development, such as the project on urban environmental management (see para. 39 above) and the "hidrovia" project (see para. 20). For the future, three main points were made in the course of the present review. First, it was suggested that both the regional programme and GEF should place major emphasis on the institutional dimension of environmental management and its interface with sustainable development. Second, it was suggested that special attention be given to areas and processes "beyond regulation", e.g., public opinion formation and community action, including among the poor and in marginal segments of the population. Third, several of the high officials consulted expressed the hope that UNDP could serve as a catalyst for joint projects with multiple sources of funding - bilateral, multilateral or national - and that it might help reduce the delays and bureaucratic complexities experienced in the approval and implementation of GEF projects.

D. Modernization of the productive sector

44. In elaborating the current regional programme, it was recognized that the liberalization of the economies and their opening to global trade and capital flows called for a major effort to enhance the competitiveness of the region's industry. A precursor project (RLA/89/001, preceded by RLA/77/015) dealt with the modernization of capital goods industries of 13 countries through an entrepreneurial association it helped to establish. An ECLAC-executed project on technological innovation and international competitiveness (RLA/88/039) helps key industrial sectors in five countries to incorporate high-level technology and modern marketing practices. In that regard, the review team attaches

particular importance also to the non-destructive testing and sugar cane industry projects discussed in paragraphs 20 and 21 above. Another series of projects focuses on the development of specific new technologies: among the most successful examples are the two UNIDO and UNESCO-executed projects on biotechnology (see paras. 20 and 22 above). The civil aviation project (see para. 20 above) addresses issues of air transport and the certification and maintenance of aviation equipment, areas directly related to the needs of modern industry. There also is a preparatory project on popular enterprises (see para. 39 above), which holds particular relevance for small- and medium-sized enterprises.

45. There is no doubt that the modernization of the productive sector, as a condition for economic growth and employment, and thus relevant also to the war against poverty, must remain an important area of regional collaboration in future UNDP programmes, with particular emphasis on international competitiveness and on state-of-the-art production, organizational and marketing technologies. To the extent that those efforts relate to profit-making enterprise, whether private or public, it may be expected that they will be substantially self-financed, or financed from cost-sharing, so as not to constitute a major charge against UNDP core resources.

E. International economic development

46. Member countries have received assistance in the area of international economic policy through projects such as RLA/92/012 (on Latin trade) and its precursors, with emphasis on trade and the GATT/WTO negotiations. SELA may be expected to continue to serve as a forum for political discussion on these issues among the countries of the region. Beyond these global economic issues, regional and subregional economic integration have been and remain a central objective of the UNDP regional programme. Examples are the support provided for the integration of the Southern Cone frontier (project RLA/91/024) and the pipeline project on the MERCOSUR border zones (RLA/93/015), and the "hidrovia" project, which is concerned essentially with the strategic planning of the Paraná-Paraguay-La Plata river basin (see para. 20 above). In the future, the regional programme may need to pay special attention to the relations - complementary, interactive, overlapping and potentially conflicting - between subregional economic groupings and new hemispheric systems such as the North American Free Trade Agreement (NAFTA). It was noted that highly relevant studies on the role of subregional trade groupings in a region-wide context has been initiated by the ECLAC office in Mexico, with a special focus on Central America.

F. Illicit drugs

47. The drug problem, included for the first time in the fourth regional programme, has become a subject of major policy concern for the region as a whole, and particularly for the Andean countries, Brazil and Mexico. Recognizing that numerous United Nations-system and bilateral efforts focus on the drug problem, but that little was known about the real macroeconomic dimension and impact of illicit drug production and drug trade in the countries

most directly involved, the regional programme has concentrated on serious scholarly studies of these problems through its project on drugs and development (RLA/92/022). The research, which focuses on a highly sensitive and difficult area, will produce an objective picture of the economy of illicit drug production and trade. It was suggested in the course of the present review that the results might be considered in a policy meeting of regional leaders, who should also, at some point, be presented with the extensive data already available on drug consumption.

IV. CARIBBEAN COMPONENT OF THE FOURTH REGIONAL PROGRAMME FOR LATIN AMERICA AND THE CARIBBEAN

A. Background

48. For much of the 1980s, the Caribbean, like many countries in Latin America, suffered huge reverses in the economic and social fields. Economic performance was characterized by significant declines in export volumes and foreign exchange earnings, and prospects for growth were undermined by severe external indebtedness and low investment rates. Low growth rates were experienced by most countries (the exception being the countries in the Organization of Eastern Caribbean States, whose performance reflected the role of the banana and tourism industries in their economies), with the largest countries experiencing negative rates of growth. The social sectors bore the brunt of the impact of economic decline, with significant deterioration of infrastructure, growing unemployment and social dislocation. This situation, coupled with the peculiar vulnerabilities and characteristics of small-island developing and low-lying coastal developing States has heavily influenced the orientation of the UNDP fourth regional programme.

49. Since the beginning of the 1990s, several regional and global developments have added new intensity to the economic challenges faced by Caribbean countries. Among such developments have been the consolidation of the European Union and the creation of NAFTA; the dramatic decline in official development assistance; and the rapid development of information technologies. These changes pose severe threats to the prospects for national economic growth and development in the region.

50. In the context of the changing circumstances of the global economy and developments affecting their main trading partners, the economic and social performances of Caribbean countries recently have shown positive signs. There have been beneficial impacts on Caribbean economies, especially in the tourist sector, as a result of economic expansion in the United States and continued buoyancy in Europe. Most Caribbean countries also increased agricultural exports, including of non-traditional items. Policies for encouraging investment and output have been overhauled. Though still burdensome, the external debt of some CARICOM countries was attenuated somewhat as a result of rescheduling and debt-reduction arrangements.

51. Some countries pursued structural adjustment programmes under the aegis of the World Bank and IMF. Policy reforms and measures differed, but the common trend was the implementation of institutional reforms for promoting

export-oriented growth, deregulation of the price system, fiscal equilibrium and prudence in the management of monetary policy. By and large, these programmes have been successful, but at substantial cost to the social sector, as reflected in increasing poverty, high unemployment, the weakening of institutional capacity for secondary and tertiary education, the deterioration of health care delivery systems and the worsening of the situation of disadvantaged groups. All in all, therefore, the successful insertion of the Caribbean countries into the radically changing economic environment continues to depend on technical cooperation programmes which support their transition into a world in which trading preferences are increasingly threatened.

B. Themes and areas of concentration

52. The economic performances of Caribbean countries informed the subregion's choice of their priority development needs in terms of UNDP technical assistance. Priority themes identified through a process of study and consultation, which culminated with approval by the CARICOM Council of Ministers in 1990, were: (a) the environmental dimension of regional development; (b) disaster-preparedness and management; (c) the development of human resources; (d) the region's competitiveness in the international economy; (e) the strengthening of socio-economic integration processes and mechanisms; (f) self-sustaining growth for the next decade and beyond; and (g) culture and the people-oriented dimension of integration.

53. The thematic areas chosen to receive priority were in line with those identified in the fourth regional programme for Latin America and the Caribbean. In addition, there was one other area of programme concentration specific to the Caribbean, namely, human immunodeficiency virus.

C. Role of the CARICOM component of the regional programme

54. Socio-economic integration has been a vital strategy for development from the late 1960s. Consequently, UNDP support has been used to help to create certain building blocks for both policy development and implementation and the development of strategic options for the region. Furthermore, several elements of the regional programme were utilized to forge and cement links between the different linguistic groups in the Caribbean.

1. Policy development and implementation

55. Against the background of a series of regional workshops and consultations, which culminated in a regional economic conference, a regional economic strategy for the 1990s and beyond was prepared. This regional strategy has led to the harmonization of economic policies and has paved the way for the introduction of the CARICOM single market and economy.

56. UNDP support for the preparation of briefing reports has enabled the region to better formulate and concretize its positions in respect of the Multilateral Trade Negotiations package for the Uruguay Round.

57. With respect to the services sector and given the growing importance being assigned to the development of trade in services, profiles were prepared for the telecommunications, tourism and medical services to assist the region in the identification of opportunities for the maximization of competitive advantages.

58. With regard to policy implementation, UNDP support has helped to strengthen the capacity of a regional entity, the Caribbean Food Corporation, for the promotion of agribusiness. This public/private sector body has contributed to a substantial increase in the exports of non-traditional agricultural products, as well as to the foreign exchange earnings of the region.

59. The Consortium Graduate School of Social Sciences is another example of where UNDP assistance was vital. Endorsed by the CARICOM heads of Government to meet the need for multidisciplinary policy research and analysis of the problems of Caribbean development, the school has graduated a cadre of professionals, who are now working in Government and the private sector, international agencies, universities and other tertiary educational institutions.

60. In keeping with the reduced role of the State, the Governments in the region are stepping up their efforts at divestment. In particular, in the transportation sector, UNDP assistance has been crucial in enabling the conduction of valuations of two regional airlines. The sale of one airline has been successfully completed.

61. It is worth noting that several elements of the Caribbean component of the regional programme were used to forge and cement links between CARICOM and the wider Caribbean basin. This was evident in the areas of private sector support services, biotechnology, cultural preservation and regional integration.

2. Development of strategic options

62. The single most important economic integration initiative has been the decision by the CARICOM heads of Government to formalize arrangements for trade liberalization and economic cooperation among the countries of the Caribbean and countries and territories of the Caribbean basin, through the Association of Caribbean States. The Convention establishing the Association was signed in July 1994 and once ratified will better position the region to face the challenges and exploit the opportunities arising from the globalization of the international economy. Strategic support was provided by UNDP and other donors for the process leading to the signing of the Convention.

63. Another area where UNDP has provided critical assistance is in the examination of policy options for the further development of the region. To this end, a comparative study of investment regimes and strategies in a number of countries was undertaken, and recommendations were provided for a CARICOM investment policy and effective institutional arrangements.

D. Performance and impact in the main programme areas

1. Poverty alleviation

64. Reliable data on poverty trends in the Caribbean is hard to come by. However, it can be said that the level of social services available to the population in most countries of the Caribbean has gradually deteriorated under the recent years of tight fiscal constraints. This development has in turn contributed to significant increases in the breadth and depth of poverty during the last decade. Furthermore, in several Caribbean countries, great increases in poverty can be discerned among those engaged in agriculture and residing in rural areas relative to urban populations.

(a) One of the main projects in the area of poverty reduction and social development, the project on strengthening the Caribbean Food Corporation (RLA/87/032), was designed to enhance the region's self-sufficiency in food, as well as to increase the production and marketing of non-traditional agricultural commodities for export. As indicated earlier, through its support for a number of agribusiness projects, an increase in the region's exports of non-traditional agricultural products was realized. In addition, some 1,000 jobs were generated in the agricultural sector. However, notwithstanding a number of identifiable achievements, several problems have emerged. Many of them have stemmed from a changed policy environment leading to the restrictions on loan guarantees for the Corporation on the part of shareholders.

(b) A second project of importance in the area of poverty alleviation was the project on business advisory services (BAS) (RLA/90/008). This project was developed to assist sponsors of private sector projects to evaluate and raise funds for their projects. It has been instrumental in assisting a significant number of privately run enterprises in preparing feasibility studies, restructuring their organizations, enhancing their management capabilities, and securing equity and loan financing. In addition, thousands of jobs were generated in the process. Worthy of note is the enthusiastic response of the private sector, as evidenced by their commitment of resources to maintain a self-sustaining Caribbean presence to continue the functions of BAS.

2. Integration and international economic relations

65. The main projects in this area of concentration have been support for the West Indian Commission (WIC) (RLA/90/003) and implementation of WIC recommendations (RLA/93/007). These two projects have profoundly influenced the direction and scope of the socio-economic integration process in the Caribbean. The findings of the Commission presented a strong case for the acceleration of the integration process through the CARICOM market and economy and the establishment of the Association of Caribbean States. As noted above, support was also provided for the Caribbean Integration Support Facility (RLA/87/033), which has made a most significant contribution to the ongoing process of Caribbean integration, particularly in the areas of macro-planning, trade development and the facilitation of regional integration. Recognizing the role of cultural heritage in the social and economic development of the region and in the integration of its peoples, a project on museum development (RLA/88/028) and

a music institute project (RLA/87/040) were developed. The two projects have contributed to the protection of the region's indigenous musical and cultural heritage for educational, training and developmental purposes. In addition, model copyright legislation has been prepared to safeguard the rights to Caribbean-indigenous music and musical instruments. Notwithstanding these achievements, the projects as designed were unable to realize all of the objectives due to their broad scope and limited national capacities and financial resources.

3. Modernization of the productive sector

66. In its quest for improved competitiveness, the Caribbean region has stepped up its efforts in accessing scientific and technological information aimed at enhancing productivity.

67. In that regard, a project on scientific and technological development in the Caribbean (RLA/87/024) has supported some successful interventions in biotechnology and technology-sourcing information for small- and medium-scale industries. Specifically, with regard to biotechnology, farmers in the region are benefiting financially from the higher productivity of disease-free pepper and tomato planting material generated from the research. Furthermore, Caribbean scientists have organized themselves into a network for the purpose of coordinating biotechnological research which might be applied to other commercial crops. Efforts to strengthen collaborative links with other research institutions in the wider Latin American and Caribbean region could only be beneficial.

68. Caribbean Governments see the inefficiencies in the transportation sector as one of the major obstacles to increased competitiveness of the region. Consequently, over the past several years, a number of initiatives, including the divestment of air and sea carriers, have been embarked upon.

69. Among other activities in the transportation sector, vital support was provided through an airline privatization project (RLA/91/027), which led to the sale of one airline. It is expected that the operations of that airline will become more efficient in meeting the needs of the region.

E. Overall assessment of Caribbean component of the regional programme

70. Overall, the activities of the programme remained consistent with regional priorities, with the thematic areas of intervention retaining not only their relevance but increasing in importance over time, given changes in the socio-economic internal and external environment. However, not all of the programme areas attracted sufficient resources, due in large measure to the global trend of reduced development assistance flows. The unpredictability of resources has also compromised proper programme planning. This has been particularly evident in the transition from the fourth to the fifth IPF cycle. Hence there is a need for resource mobilization to be more aggressively pursued and with greater creativity and determination.

71. Substantial results have been achieved: the level of non-traditional agricultural exports has increased and agricultural production has been boosted; substantial investment has been secured for a range of manufacturing and agribusiness activities; through training, enhanced capacities have been developed for economic and social policy formulation and implementation; and initiatives to deepen and widen the Caribbean socio-economic integration movement have been embarked upon.

72. With regard to the strengthening of institutional capacities, the programme has had a positive impact on several regional institutions. The Caribbean Food Corporation, for example, is now more efficient in performing the functions of corporate planning and project appraisal. In addition, the Caribbean Intercultural Music Institute project has strengthened the training and research capacities of the Creative Arts Centre of the University of the West Indies. At the country level, efforts are been pursued by the CARICOM secretariat to mobilize resources for strengthening national institutional capacities, with specific reference to implementation of CARICOM decisions.

73. The CARICOM secretariat has been mandated by the Governments in the region to manage and coordinate the programme and execute projects on their behalf. The national execution modality is applied for 75 per cent of the programme. While the CARICOM secretariat has rationalized and upgraded its financial and accounting systems and has reorganized certain facets of its administration to effectively discharge its national execution responsibilities, there is room for improvement in terms of project design, formulation and monitoring. Project design tends to be overly ambitious in relation to objectives and available resources and slow and unambitious in relation to responding to changes in the policy environment. Furthermore, human resource capacities to sustain project results at the country level are limited.

74. Coordination with member States was effected in two ways. Firstly, in the implementation of projects, continued discussions were held with relevant government personnel and agencies to promote their success. Secondly, projects came up for review at regional sectoral meetings at the technical and ministerial levels, either through progress reports or by inquiry, and reporting to the Council of Ministers is a regular feature. For all this, the general awareness of regional projects at the country level is less than desirable.

V. CONCLUSIONS

75. The following main conclusions may be drawn from the present review:

(a) Overall, the programme has proved its importance and vitality. It is generally felt that its role should and will grow in the future, despite UNDP-wide resource shortages: indeed, these shortages put a premium on concerted regional policy, and thus on a regional programme intended to encourage it;

(b) Based on its performance during the first years of the present cycle, the programme deserves high marks in terms of effectiveness and impact. The broad themes on which it concentrated have retained their relevance for the

period of the programme covered by the review. Relevance in the future, however, may call for a sharper focus on high-impact projects that address challenges and dilemmas in a very rapid process of modernization;

(c) With specific reference to the Caribbean, the seven areas of concentration (although all relevant to the Caribbean's needs) may result in programme dispersion and reduction of impact. While for the remaining years of the present cycle it may be difficult to reduce the areas of concentration, in the future, it is imperative that, in the interest of enhanced focus and impact, the regional programme be confined to perhaps three areas of concentration. Those areas might be integration, poverty alleviation and enhancing economic productivity;

(d) The identification of themes and issues of regional concern, and the subsequent formulation of the fourth regional programme, involved a series of bilateral and collective consultations with Governments. Further efforts were needed, however, to ensure that the countries of the region saw the programme as their own. To that end, and to ensure a real dialogue at the country level as well as on project identification and implementation, it is essential to involve the Governments more directly in the design and management of the programme;

(e) While the programme as approved in 1992 still appears somewhat dispersed, especially in view of the substantial "core" funding cuts, programme management has demonstrated sufficient flexibility to adjust to new demands by adding new activities, refocusing ongoing projects and terminating others in the course of the cycle. This was not contradicted by the fact that some major projects reached back into previous cycles, as long as those projects addressed new issues of regional concern. It is important not to use the scarce regional programme resources for institutional support. UNDP should work with institutional partners, but is not in a position to assume budgetary responsibility for their operation;

(f) Programme delivery has been excellent, as substantiated by the fact that at mid-point the programme budget is in principle fully committed, subject, of course, to possible adjustments in the implementation of some of the ongoing projects. The distribution of resources to themes and projects of interest to particular subregions seems appropriate. No major management or administrative problems have been reported, except those attributable to the fact that the programme was being coordinated by a very small headquarters staff, a problem that might be offset by decentralization and more direct involvement of the country offices;

(g) The Caribbean component of the regional programme for Latin America and the Caribbean has already made a valuable contribution in the area of socio-economic development. With the assistance of the programme, the level of non-traditional agricultural exports and agricultural production has been boosted; substantial investment has been secured for a range of manufacturing and agricultural business activities; through training, enhanced capacities have been developed for economic and social policy formulation and implementation; the institutional capacities of several regional institutions, including that of the CARICOM secretariat, have been strengthened; and initiatives to deepen and widen the Caribbean socio-economic integration movement have been embarked upon;

(h) Several of the projects targeted at the highest level of policy, especially those in the areas of poverty alleviation and the environment, helped to raise the awareness of critical issues and to articulate concerted regional policy. Others facilitated exchanges of experience and information among the countries of the region, and fed into policy analysis and new policy formulation at national, subregional or regional levels. A growing number of projects had a service function, building upon UNDP cross-sectoral management skills and global access to technology and expertise, as well as upon the organization's objectivity and capacity to serve as an intermediary in the presence of potentially conflicting interest;

(i) The peculiar vulnerabilities and characteristics of Caribbean countries, which derive directly from their small size and low-lying coastal locations, limit to a very large extent their development options. Those vulnerabilities, which include the extreme openness of their economies and consequent high degree of susceptibility to external shocks, the limitations of individual and collective institutional capacities, fragile ecosystems and relative uncompetitiveness in the cost of production underscore the need for continued support of the regional programme to assist Caribbean countries in their efforts toward sustainable development. These peculiarities and special circumstances have been recognized in General Assembly resolution 49/100 of 19 December 1994 on specific measures in favour of island developing countries and General Assembly resolution 49/122 of 19 December 1994 on the Global Conferences on the Sustainable Development of Small Island Developing States.

VI. RECOMMENDATIONS

76. Several general recommendations, relevant primarily for future programmes, emerged from the mid-term review:

(a) The regional programme must continue to serve and be viewed as the main expression of UNDP support for socio-economic integration in Latin America and the Caribbean, and for a joint policy approach to shared problems and challenges;

(b) Notwithstanding the above, however, the decline in regional programme resources in the current cycle has circumscribed its ability to address important needs. In addition, the unpredictability of resources has also compromised proper programme planning. While the regional programme has been able to attract additional resources in the present cycle, these have been less than adequate. For the future, resource mobilization efforts must be aggressively pursued if the implementation of programmes/projects is not to be curtailed further;

(c) The regional programme should concentrate on a smaller number of high-impact projects; to that end, particular importance should be attached to the preparatory phase (state-of-the-art surveys and consultations with Governments and experts on concrete project ideas);

(d) Except for service projects of concrete interest to the region or one of its subregions, the programme should focus on policy rather than on operational activities;

(e) Service projects should be substantially co-financed by the participating Governments or other external sources. Service projects involving the productive sector - private or public - should be predicated on an explicit strategy, with a firm timetable for attaining financial self-sufficiency. Cost-sharing from the productive sector is, in fact, one of the most promising potential sources of extrabudgetary funding for the regional programme;

(f) The regional programme and country programmes must interact and complement each other; regional projects often may play a pilot role, to be followed up by action at the national level, or help to disseminate to other countries of the region the results of national UNDP projects;

(g) Notwithstanding the achievements of the regional programme, greater successes and impact can be realized if there is increased involvement on the part of Governments in providing programme and project ideas, in following the progress of regional projects and in their knowledge of the likely benefits which might accrue to individual countries. It is recommended therefore, that Governments arrange periodic in-country meetings in the region for these purposes. In addition, systems through which Governments receive feedback on the progress of projects should be improved;

(h) In support of the above, resident representatives should be more actively involved in programme formulation and management. The Regional Programme Division might: (i) constitute a small standing committee of resident representatives, the cost of which could be effectively contained by the use of modern telecommunications; and (ii) entrust to individual resident representatives line responsibilities for the formulation and management of projects or project clusters.

(i) A number of suggestions have been made in the present report with regard to specific programme content. Among them, it is considered particularly important that the concept of governance and institutional reform in the relations between State and society should be seen as an essential dimension of all programme areas, ranging from the war against poverty to environmental management, economic integration, the functioning of the productive sector and other specific themes such as illicit drug control. In that regard, it might be advisable to take stock of all projects in the fourth regional programme, whether completed or ongoing, which address governance, in an attempt to arrive at a joint follow-up strategy that would optimize complementarity and interlinkages. This might take the form of a joint brainstorming exercise, for which ECLAC would constitute an excellent venue;

(j) The regional programme should continue to develop and make full use of modern information and telecommunications technology, both for network-building, information exchanges and policy development in the context of particular projects, and for overall programme management.

(k) The preparation of the fifth regional programme should be started by the Regional Bureau for Latin America and the Caribbean, through the resident representatives, by entering into a dialogue with each Government regarding the projects to be carried over from the fourth programme and possible new project ideas relating to the main programme themes, including the suggestions made in the present mid-term review. Whenever appropriate, new project ideas should be the object of serious state-of-the-art surveys and inquiries with experts before being submitted, together with the advice of the Regional Bureau, to collective thematic or programme-wide consultations with Governments. TCDC should be employed to the greatest extent possible.

Annex

FINANCIAL SUMMARY

I. RESOURCES

A. resources available for regional programme period

	$	$
IPF	22 623 000 a/ b/	
Estimated cost-sharing	21 829 000	
Total		44 452 000

B. Commitments

Approved programme/project budgets c/		
Approved and allocated IPF	21 797 000	
Approved and unallocated IPF	826 000	
Subtotal		22 623 000
Approved cost-sharing	21 829 000	
Approved and unallocated cost-sharing	-	
Subtotal		21 829 000
Pipeline programmes/projects		
IPF	-	
Cost-sharing	-	
Subtotal		-
Total		44 452 000

C. Balance of resources available for further programming

IPF	-	
Cost-sharing	-	
Balance of resources available		-

a/ Compared to the $30,700,000 originally anticipated for the fourth regional programme; the reduction results from the IPF programming limitation.

b/ This figure represents IPF resources as allocated, $15,570,000 to Latin America and $7,053,000 to CARICOM, of which $16,310,000 are approved for Latin America and $5,487,000 are approved for CARICOM.

c/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or the Project Appraisal Committee for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or projects which have yet to be reflected in specific budget lines.

II. PROPOSED (P) AND ACTUAL (A) ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION

(Thousands of dollars)

Area of concentration	IPF		Cost-sharing		Total		Percentage of total	
	(P)	(A)	(P)	(A)	(P)	(A)	(P)	(A)
Drugs	1 000	274	2 000	1 017	3 000	1 291	4.2	2.9
Environment and development	4 000	2 794	19 000	1 191	23 000	3 985	32.5	9.0
Governance	5 000	5 077	5 000	3 277	10 000	8 354	14.2	18.8
International economic relations	3 500	4 104	3 000	8 492	6 500	12 596	9.2	28.3
Poverty alleviation	4 400	2 129	5 000	99	9 400	2 228	13.3	5.0
Modernization of the productive sector	4 500	7 282	3 000	7 413	7 500	14 695	10.6	33.1
Communications/ information	600	137	3 000	340	3 600	477	5.1	1.0
Unprogrammed reserve	7 700	826	-	-	7 700	826	10.9	1.9
Total	30 700	22 623	40 000	21 829	70 700	44 452	100.0	100.0

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

(Thousands of dollars)

	At the time of formulation of regional programme	At time of mid-term review
UNDP-administered funds	-	-
Special programme resources	153	2 667
Trust funds	1 889	1 813
Management service agreements	5 900	6 398
Add-on	225	53
Other United Nations resources	360	1 144
Global Environment Facility	53 000	63 000
Non-United Nations resources	5 000	9 754
Total	66 527	84 829

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UNDP: COUNTRY PROGRAMMES AND RELATED MATTERS

Third regional programme for Europe and the Commonwealth of Independent States

Note by the Administrator

1. The present paper highlights the major features to date of the third regional programme for Europe and the Commonwealth of Independent States for the period 1992-1996, as well as the current strategy of the Regional Directorate for Europe and Commonwealth of Independent States (RDEC) for the development of that programme.

2. The third regional programme for Europe (DP/REU/3) was approved by the Governing Council at its thirty-ninth session. The programme was conceived for a region covering Central and Eastern European countries only. Since then, major changes have taken place in the region, in particular, the dissolution of the former Soviet Union, which resulted in the emergence of 15 independent countries, all recipients of UNDP assistance, and the situation in the former Yugoslavia.

3. Operations in the region now cover 34 countries in Central and Eastern Europe, Central Asia, the Mediterranean (Cyprus, Malta and Turkey), as well as the island of Saint Helena. As a result of the increase in the number of countries covered by the regional programme, the original indicative planning figure (IPF), set at $4,450,000, was increased to $8,850,000; subsequently, IPF was reduced by 30 per cent to $6,197,000. Both the broadening of coverage and the changes in IPF allocations necessitated adjustments in the content of regional activities.

4. The original regional programme focused on the following three areas: (a) private sector development; (b) environment and energy; and (c) transport

and communications. However, because of the short time between the approval of the original programme and the change in the number of countries to be covered by that programme, only a limited number of projects were developed in those areas. Furthermore, and in order to reflect the new priorities of all the countries, it became necessary to carefully review regional programme initiatives, in terms of their relevance to the region's transition priorities and their potential for resource mobilization.

5. In 1994, RDEC undertook a thorough review of the regional programme, in consultation with the recipient countries, so as to better serve those countries, taking into consideration the UNDP mandate to build national capacity for sustainable development and the need to mobilize additional, non-core resources.

6. Once it became obvious that the programmes as originally planned did not meet the new requirements in the region, it became imperative to modify them. Thus, in terms of the particular needs of the transition, the UNDP comparative advantage and the potential for resource mobilization, the new regional programme will cover the following areas: (a) democracy, governance and participation; (b) external resources management; (c) gender in development; (d) transition to market economies and privatization; and (e) environment.

7. Overarching all of the above has been the initiative taken by RDEC to assist Governments in their preparation of national Human Development Reports in nearly all countries of the region. One aim of those reports is to contribute significantly to the development debate taking place in each individual country. They also will contribute to the improvement of statistics in fields relevant to the UNDP sustainable human development mandate and better the understanding of social development issues and the role of civil society in the countries concerned. The reports are being used as a tool for the assessment and development of social development priorities, strategies and programmes. The preparation of national Human Development Reports has gained interest and support at the highest levels of Governments and civil society in the region.

8. In each of the five areas listed in paragraph 6 above, regional projects have been developed, with specific national activities. Thus, capacity-building projects in several countries have been designed and approved for better external resources management. A regional umbrella project on the management of external resources aims at improving the skills of personnel involved in aid management and resource mobilization. That project benefits 13 countries.

9. The regional project on democracy, governance and participation aims to strengthen democratic institutions and processes, enhance governance and increase popular participation and the role of civil society. In the Russian Federation, assistance has been provided for the establishment of the position of Commissioner for Human Rights and an Ombudsman Unit, leading to requests for similar assistance in several other countries with activities in this area varying according to national priorities.

10. UNDP responsibilities for the environment arise from national priorities, as well as thematic areas defined in the criteria for eligibility for Global Environment Facility (GEF) funds and the Capacity 21 programme. In the light of

the scale of environmental degradation, the UNDP contribution is selective, taking the form of seed money to facilitate the approval of larger programmes financed by GEF and/or external funding. UNDP has been active in particular with programmes for the Danube river basin, the Black Sea and the Aral Sea.

11. Although UNDP has been successful in mobilizing funds for environmental programmes, the development of new initiatives has been hampered by the scarce human resources of RDEC.

12. In the areas of gender in development and transition to market economies, regional projects have been formulated to support national activities in meeting country-specific needs.

13. National programmes for transition to market economies have attracted some financial support from the international donor community, largely because of the massive scale of structural adjustment problems. Obviously, the international financial institutions and the major bilateral donors are well placed to play the major roles at the macroeconomic level and UNDP is not required to duplicate those roles. However, again because of its impartiality, UNDP is well placed to provide complementary assistance in the area of policy advice, particularly relating to management of the social effects of structural adjustment. Many UNDP efforts in those areas have generated activities which could attract additional donor resources. In particular, the UNDP "turn around management" programme has successfully mobilized over $7 million from the European Bank for Reconstruction and Development and the European Union to finance the restructuring of over 200 former State enterprises in 11 countries of the region.

14. A formal review of the regional programme will be undertaken during 1996 and its results will be presented to the Executive Board at that time. The review will constitute a valuable input for designing the next regional programme.

Annex

FINANCIAL SUMMARY

I. RESOURCES

		$	$
A.	Resources available for regional programme period		
	IPF	6 676 000 a/	
	Estimated cost-sharing	15 936 000	
	Total		22 612 000
B.	Commitments		
	Approved programmes/project budgets b/		
	Approved and allocated IPF (expenditures and commitments)	5 510 734	
	Approved and unallocated IPF	-	
	Subtotal		5 510 734
	Approved and allocated cost-sharing	7 314 000	
	Approved and unallocated cost-sharing	8 622 000	
	Subtotal		15 936 000
	Pipeline programmes/projects		
	IPF	1 165 266	
	Cost-sharing	-	
	Subtotal		1 165 266
	Total		22 610 000
C.	Balance of resources available for further programming		
	IPF	-	
	Cost-sharing	-	
	Balance of resources available		-

a/ Compared to the $4.45 million originally anticipated for the fifth regional programme.

b/ "Approved and allocated" refer to those programmes and projects approved by the Action Committee or Bureau Project Appraisal Committee for which there exist detailed, signed documents and budgets. "Approved and unallocated" represent the balance of funds available to the programme or projects which have yet to be reflected in specific budget lines.

II. PROPOSED AND ACTUAL ALLOCATION OF RESOURCES BY AREA OF CONCENTRATION

(Thousands of dollars)

Area of Concentration	IPF (P) a/	IPF (A) b/	Cost-sharing (P) a/	Cost-sharing (A)	Total (P)	Total (A)	Percentage of total (P)	Percentage of total (A)
Transition to market economy	1 600	2 503	2 000	8 228	3 600	10 731	24.6	47.5
Environment and energy	1 000	859	5 000	-	6 000	859	41.0	3.8
Gender in development	100	120	-	142	100	262	0.6	1.2
Aid coordination	350	655	200	4 262	550	4 917	3.8	21.7
Social development	-	1 255	-	2 770	-	4 025	-	17.8
Democracy and governance	-	120	-	535	-	655	-	2.9
Transport and communications	1 100	400	3 000	-	4 100	400	28.0	1.8
Other pipeline	300	765	-	-	300	765	2.0	3.4
Total	4 450	6 677	10 200	15 937	14 650	22 614	100.0	100.0

a/ Calculated on the basis of provisional allocations at the time of approval of the third regional programme.

b/ Effective distribution of resources, taking into account approved and firm pipeline programmes projects.

III. ESTIMATED COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES

	At the time of formulation of regional programme	At time of mid-term review
UNDP-administered funds	-	-
Special Programme Resources	-	3 000 000
Trust funds	-	3 800 000
Management service agreements	-	-
Add-on	-	-
Other United Nations resources	-	-
Global Environment Facility	4 000 000	19 000 000
Non-United Nations resources	-	-
Total	4 000 000	25 800 000